# What role for

# HR in 2020-2025?

# 1. Introduction

Predicting the future has never been easy. Great entrepreneurs and researchers have often been mistaken in their estimates, even if they subsequently made extraordinary strides.

Take Bill Gates, who declared in 1981, "No one will ever need more than 637KB of memory on a personal computer." Or Thomas Watson, founder of IBM, declaring in 1943, "I think that there is a worldwide market for maybe five computers." Likewise, Stewart Toy wrote in l'Expansion in 1972, "McDonald's must convince people to eat with their hands while offering a very limited menu. Will this work in France? Probably not."

Although it is difficult to predict the future, it is still essential to identify and understand the basic social, economic and technological tendencies or "mega-trends" that will affect businesses in the next ten to twenty years, in order to anticipate and prepare for the ensuing transformations that will need to take place

A paradox of the long -term thinking is the more you try to imagine the future, the more critical become the tasks of the next twelve months to clarify it. Bill Gates also said, "We always overestimate the change that will occur in the next two years, but underestimate what will happen in the next ten."

The objective of this white paper is thus to understand the mega trends that will transform the HR function in the next decade in order to deduce how its missions, postures and communities must evolve in consequence.

This report is forward thinking and intended to contribute to the rethinking of HR, but does not pretend to be exhaustive, or provide universal solutions. The aim is rather to launch some ideas to feed the thinking of those responsible for transforming business organizations and who are determined to respect the men and women who compose them as they do so.

This white paper is constructed in **three parts**.

• Major trends underlying ongoing demographic, technological, sociological and cultural transformations.

• HR impact in terms of the required demands and transformations of its role, with illustrations by practices already in place at pioneering companies and large corporations.

• The potential reinvention of HR communities to integrate these trends and their impact.

This white paper was jointly developed by the HR teams of Orange, Oliver Wyman and Mercer, and specifically integrates about thirty discussions with HR directors from large French and global corporations, universities specialized in social, human and management sciences (see lists in the appendix) as well as Orange teams.

We warmly thank them all for their precious collaboration.

# 2. Trends affecting human resources

For several years now, Oliver Wyman has conducted research on fundamental trends, or "Mega-trends" that will affect businesses over the next twenty years.

By comparing these findings with Mercer's regular studies and the work undertaken for this white paper, we have identified six trends that will affect human resources in the years to come.

## 2.1. The big generation gap

**The generation between 20 and 35 years of age, known as generation Y, or the "Millennials," will represent half of the workforce by 2020 and three quarters by 2025.**

**Naturally, companies must understand the specific expectations of the young people composing this new generation:** they are committed to companies whose

raison d'être they share; they enjoy working in teams, having fun, and communities; they want to play an active role in their own development; they are not loyal and dream of creating their own start-up.

**Illustration 1: The big generation gap**

Generation Y-the Millennial-will represent half of the workforce by 2020 and three-quarters by 2025
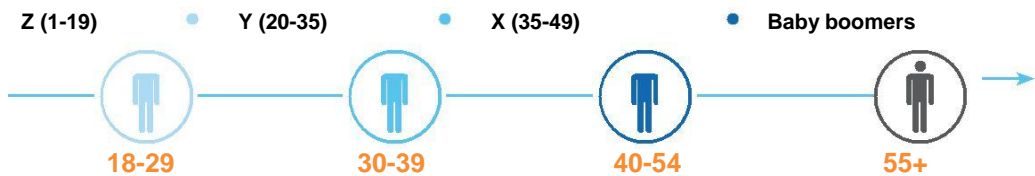
**Faced with upcoming generations, their elders remain very active, however, and are prolonging their working life increasingly.**

Which raises two questions:

1. On what points do the old and new generations coincide, and on what points do they differ or even diametrically oppose one another?

2. On what points do new generations (Y and Z) represent radically different employee profiles, forcing HR to confront the immense challenge of reinventing its vision, approach and communities?

**A global study conducted by Mercer in 2015, based on 50,000 employee responses, sheds new light on these two questions.**

**Illustration 2:** Generation Y-the Millennials-will represent half of the workforce by 2020 and three-quarters by 2025.

| Z (1-19) | Y (20-35) | X (35-49) | Baby boomers |
|---|---|---|---|
| **18-29** | **30-39** | **40-54** | **55+** |
| Recognize their own contributions | Employer recognition of their invidual contributions | • Work hard to be recognized | Want that their expertise/experience to be recognized |
| • Development opportunities, recognition, access to mentors | • Career path offering leadership opportunities | • Save for their children's education | • Planning to leave for retirement |
| • Informal workspaces, volunteering opportunities and flexibility | • Work-life balance | • Planning for retirement | • Expect health coverage to be available on retirement |
| • Learning opportunities extended outside the company | • Flexible schedules | • Better manage worklife balance | • Access to "flexible" work opportunities, meeting educational, professional, volunteering and/or leisure needs |
| • New recruiting approaches | • Save for their children's education | • Take care of a relative | • Responsibility for dependency is an issue for one-third of this segment |
| • Access to social networks and hightech tools | • Starting to think about retirement | | |
| • Save for housing | | | |

**Some expectations are common to all segments: predictable rewards, need for meaningful work, growth opportunities, dignity and respect.**

**From an analysis of generational expectations, a number of points appear to coincide across generations:**

Need for predictable rewards, meaningful work, professional advancement opportunities, and finally dignity and respect. These needs form a common denominator bridging the different generations.

**Conversely, there are some very real generational differences:**

1. **Factors of engagement, motivation and recognition are not identical.** Senior generations expect their expertise and experience to be recognized; the 40-55 year segment still believes in working hard to be recognized; 30 to 40 year olds expect their employer to recognize their personal contribution; while younger generations feel that they are best able to promote their own contributions.

2. **Work-life balance expectations are very different.** For generations Y and Z, the solution to work-life balance issues is not a compromise or even a reconciliation of opposites, but rather an interweaving which employers must take into consideration. They simply want to have a "balanced life," because the line between professional and personal life is blurred.

3. **The concept of career path or development is very different and hazier.**

   While previous generations continue to think more in terms of a defined career, generation Y wants to learn and progress continuously. This vision is reflected in their desire for responsive management in which they are given immediate and continuous feedback. This expectation has a major impact on HR, specifically in terms of challenging processes based on annual cycles (performance management, compensation campaigns, training programs, etc.). Generation Z digital natives push this trend even further with their truly multidimensional identity, multichannel thinking, and need for agility in organizations that continue to be sluggish.

4. **The impact of national culture is gradually disappearing as new generations arrive on the scene.** Younger generations not only have their own set of expectations, but national culture plays almost no part as a differentiator, while it still does for older generations. One could even go as far as to evoke the existence of a "seventh continent," inhabited by the Millennials. This observation is driving some global firms to rethink their HR policy around segmented approaches.

## 2.2. Values and raison d'être: terms of engagement

**Buying into the company vision and its raison d'être is increasingly becoming imperative to get employees engaged.** In managing men and women, two

essential human elements must be kept in mind at all times:

**Initially, man cannot be reduced to Homo Œconomicus.** Alongside formal organizations held together by economic considerations, informal organizations exist and are driven by other motivations (dignity, friendship, and meaning). Indeed, the individual is no longer willing to be reduced to the status of the "economic animal" depicted by Emile Durkheim, then Marcel Mauss. Modern man does not seek to maximize his personal interest in disregard for the community; he is also moved by

**Man also seeks recognition**, and particularly wants to be recognized as a giver. This need for recognition certainly constitutes the most profound and important human drive. Individuals obtain recognition through the virtuous cycle of "giving, receiving, giving back," as Alain Caillé and Jean-Edouard Grézy put it in the aforementioned essay. Selflessness and freedom are an integral part of the human psyche, of which giving is the clearest expression.

**It is essential for companies to understand and integrate these two impacts, i.e. the refusal of individuals to be reduced to mere economic animals and the need to give to obtain recognition, and the two are increasingly combined as people search for meaning in their lives and work.** In addition to the formal employment contract, men and women want to give something intangible, yet essential in their view. Adhesion to the values, lifestyle and spirit of the company is thus increasingly important to younger generations.

**Criticism of the utilitarian vision of man, particularly by the French school of sociology, is thus concretely reflected in business: 92 percent of generation Y representatives** reject profit as the sole measure of performance (Deloitte, 2012,The Millennial Survey).

**Companies will be increasingly expected to surpass a purely economic role and create meaning,** given the gradual disintegration of traditional organs

of solidarity and interpersonal bonding (Nation, Church & State). Employees (particularly the younger generations) are more sensitive to the potential detrimental effects of business on the environment, public health, etc. The giving economy is thus making a remarkable entry in the life of companies, which are increasingly supporting employee involvement in social, charitable and humanitarian causes.

**This means that the ultimate owners of a company are no longer the financial shareholders, but society as a whole (the planet, humanity, etc.).**
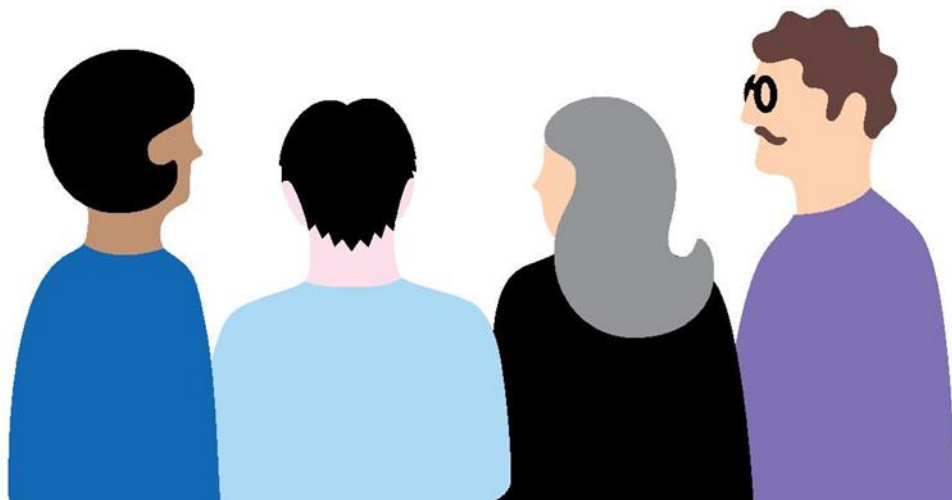


A few examples

Richard Branson, founder of Virgin, openly states his ambition to "reinvent the way people live and work to become a force for good." Virgin has set up a great number of measures to protect the environment, such as the "Carbon War Room," "OceanElders" (community of leaders working to protect and recognize the value of the ocean and wildlife) and "Virgin Earth." According to Richard Branson: "We aspire to put humanity and the planet next to profit at the heart of what we do. By going beyond Corporate Social Responsibility, we are reinventing the way we live and work, and showing that business can and must be a force for good, and that this is also good for business."

Nike's raison d'être is to "bring inspiration and innovation to every athlete in the world," while specifying that "if you have a body, you are an athlete."

Comcast has set itself the ambition to be a global breakthrough innovation leader. This ambitious raison d'être to "shoot for the moon" is communicated consistently within and outside the organization.

All of these raisons d'être are translated into the values of the concerned companies and concretely integrated into their processes and practices.

Unilever developed a "Sustainable Living Plan" in 2010, integrating programs to reduce the environmental impact of the business and improve employee health and wellbeing. This plan includes nine concrete commitments, including the acquisition of all agricultural materials from sustainable sources by 2020.

AirBnB's culture and values are essential recruiting filters. Two 'core values' interviews (in addition to traditional interviews) are conducted with employees outside the recruiting team. No offer can be made to candidates who fail these interviews, even if they are highly qualified.

Netflix ensures the consistency of recruiting, assessment and recognition system with company values, stating "Values are what we Value." As a result, a great deal of time and attention is devoted to assessment, recruiting, recognition and reward practices.

## 2.3. Personal development over title, career, company

**For two-thirds of generation Y, personal development opportunities are a major criterion choosing an employer.** The chance to progress professionally

and reinforce employability is essential. But equally important are development opportunities in other domains- recognition of talents not necessarily related to the professional sphere, realization of personal aspirations and ideals, etc.

**From this point of view, the aspirations of younger generations are radically different from those of their elders.** Generation Xers (35-49) had already

abandoned the belief in "lifetime employment." The members of generation Y not only cannot imagine this concept, but are highly opportunistic in the way they manage their career. Employee loyalty has declined considerably (the tendency to jump around professionally is not negatively connoted here), and people find it perfectly normal to navigate from one company to another to reinforce or assert their skills and address new challenges**.**

**Diplomas and seniority are no longer the gold standard for pay raises and professional advancement.** Generation Y employees expect to be recognized

primarily for their results and the concrete impact they generate for the business. Google clearly communicates this vision in its affirmation that it values intelligent and determined people and favors ingenuity much more highly than experience or college degrees.

**Communities of expertise and strategic technical skills are increasingly valued.** Career paths are no longer just a matter of moving up the hierarchical

ladder, but include lateral progressions within communities of expertise or project leaders. Experts consequently no longer plateau at a certain point in their career. At Air Liquide, for example, people can advance within the expert community to a level just below the management committee. Not only is mobility encouraged internally, but also outside the borders of the company, along with plans to come back into the fold afterwards.

**Talent is increasingly managed according to individual profiles rather than job descriptions.** Employees are becoming the architects of their own careers. This is

happening at SAP, for instance, where personal development is presented as a cross between talent, interests and opportunities. People are thus driving their own career by identifying their personal skills and strengths, analyzing their objectives, building their personal brand, defining relevant opportunities, etc.

**Younger generations don't want to be locked into strict job definitions.**

For example, a young person will seek a marketing role, rather than a job in "product marketing," "pricing," or "promotions." **The logical consequence is the simplification of HR models:** fewer functions and job titles, broader scope of each

professional community, and the demise of standardized mass production.

**For up-and -coming generations, training is becoming a continuous process, alternating coaching, feedback, "on-the-job" training, and more traditional (digital and classroom) training.** Indeed, younger generations like to pick and

choose their own training itinerary-from the official company catalogue as well as from what can be found on the Internet. Coaching and mentoring, with a peer from inside or outside the organization, are becoming a key part of the training process. All in all, the right balance might be "70 percent on -the-job training," "20 percent feedback," "10 percent formal training," according to Charles Jennings in his book "The 70:20:10 Framework Explained" (Forum 2013). Microsoft has learning circles where employees learn from one other. Everyone can participate or create hierarchy-free communities to pool knowledge, experience, and know-how.

**New forms of mobility are emerging,** naturally including vertical mobility within a single function, but also increasingly lateral mobility across functions, not to mention mobility across divisions or even outside the borders of the company, permitting a return to the organization afterwards.

**Finally, although some talent management models have largely focused on a select group until now, a growing number of businesses are now leaning toward an "everyone has talent" model.** Talent management is hence not-or no

longer—reserved for an elite group. At Elior, for example, the goal is to manage the talent of the whole workforce to develop the full potential of every employee.

## 2.4. Employees as customers

**Generations Y and Z demand a new equilibrium of rights and obligations with their employer.** Former generations accepted the constraints of a hierarchical

and paternalistic management model in exchange for fair salaried compensation. They entrusted representative bodies to handle their claims and defend their rights. Conversely, new generations expect management practices to be more participative and collaborative, demand recognition and well -being in their work in addition to salary, and unabashedly defend their individual rights. By this yardstick, employees act like customers who expect the employer to provide a value proposition aligned with their aspirations.

**These changes will have major consequences on HR. By 2020, no fewer than five generations will coexist in the workspace.** Faced with this unheard-

of situation, HR will have to develop a segmented understanding of the various segments and provide differentiated treatment, while carefully avoiding the formation of organizational silos and generational rifts.

Some companies have begun to anticipate these intergenerational issues by establishing tailored strategies and policies, which concern in particular:

- **Differentiating the value proposition based on employee profiles.** Comcast, conscious of the need to attract and retain the best developers, in competition with GAFA (Google-Apple-Facebook-Amazon), has built a differentiated

    value proposition for "Technologists," expressed in terms of recognition within the organization (the whole company is aware of how important these "Technologists" are to the success of the company), empowerment, and compensation (with twice the average company stock compensation). This value proposition also covers work methods, with the construction of an entire facility dedicated to technological functions, outfitted with the latest space and collaborative tool innovations.

- **Modularizing the value proposition to according to the lifecycle stage of individual employees.** For example, a large retail banking group is testing a system in which employees based in Belgium are given the option to build their own package from a menu of choices, including salary, vacation time, company car, etc., to arrive at a given overall compensation envelope. At Netflix, employees can decide how much of their compensation is paid in stock and can choose their number of days off.

- **Developing new nonmonetary compensation models.** Intrinsic motivation mechanisms, such as recognition are most effective for new generations of employees. Many organizations have introduced specific reward mechanisms or `kudos', which employees can allocate to peers, independently of their hierarchical relationship, to recognize contributions to joint projects. These rewards take the form of "points" or bonuses. More and more companies are also communicating on the successes of young recruits in internal newsletters.

- **Expanding the range of services and fostering employee wellbeing.** In addition to health-oriented initiatives at work (food, exercise, etc.), wellbeing is defined by greater flexibility in determining where and when to work.

- **Establishing tailored on-boarding systems to maximize the chances of success of new recruits.** When new recruits first arrive in the company, they immediately receive a tailored orientation, involving the assignment of a "buddy," and rapid access to advanced web tools to gather the information they need to integrate the organization successfully.
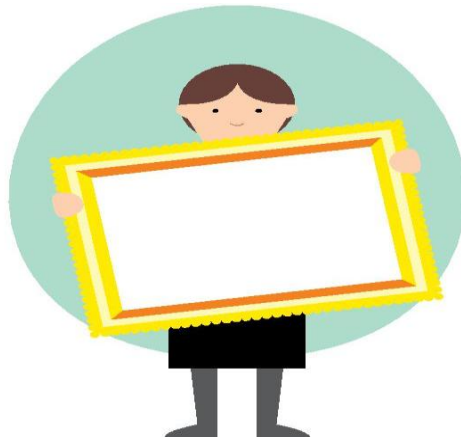
## 2.5. Agile, flat, open organizations

**The move towards agile organizations started about five years ago in the U.S.** In Europe and France, however, there is still a long way to go. Operating with an agile model requires a whole different mindset to build trust, get different technical functions and professional communities (marketing, customer service, etc.) to work together in a truly integrated manner, and join forces as a real team until a product is launched, and even throughout the product life cycle.

**This is an organizational revolution,** particularly in France, where business organizations are still very hierarchical, with weak collaborative spirit. Agile organizations must truly empower project leaders or "product owners" and give them real decision-making authority, develop them, and redefine their rapport with immediate superiors. This takes a very good caliber of "highly aligned, loosely coupled" managers who are able to make decisions and be driven in less formal settings. It also means that decisions must be made at the lower echelons, by small teams working according to fuzzier, more open and less restrictive rules.

**Valve is a good illustration of the way liberated companies are now experimenting.** Employees can select the projects on which they want to work.

Rather than formally established reporting lines, leaders naturally emerge in the course of the work. Reconfigurable workspaces with easily moveable furniture allow people to mix more easily.

**At Morning Star**, which has adopted a 'self-management' philosophy, titles and hierarchical distinctions have been abolished. Authority is lateral, employee roles are defined by their assignments, and people take initiatives without directives.

**The move to agile project model is eagerly awaited by upcoming generations.** Three quarters of Generation Y prefer to work in small teams (Forbes, 10 Ways Millennials Are Creating the Future of Work). These "pizza teams" (no more than eight members, or the number that can be fed with two pizzas), may work at a single facility or across facilities, using increasingly common communication technologies to facilitate telecommuting or to simulate the presence of team members despite physical distance.

**These teams increasingly include communities of talent found inside and outside the organization.** In these teams, start-ups, alumni networks, and

freelancers are integrated alongside employees. AT&T provides a good illustration of these external talent communities. Whether retired or not, AT&T employees who no longer formally belong to the organization continue to contribute their experience and expertise to the talent network.

**Agility flattens the hierarchy.** This trend is already perceptible, but less so in France. To be truly agile, companies should possess no more than four hierarchical levels and the workspace must be arranged to support engagement and collaboration, spontaneous meetings and interactions.

## 2.6. The leadership model is evolving to become a cornerstone of change

**Employee initiative and empowerment are inevitably rising.** According to the leader of a major French bank, "The rigidities of the current hierarchical system are likely to become quickly obsolete, and new types of professional relationships must be invented." Indeed, contrary to dominant models, new generations seek a fresh relationship with authority based on direct interaction and trust.

**New types of connections must thus be forged across generations.**

By 2020, which corresponds an irreversible demographic tipping point, management will be faced with multigenerational social groups (from baby boomers to generation Z) to which it must relate in different ways, sometimes generating tension.

**During this period, this tension may be even greater for senior managers,** whose professional advancement is a reflection of their ability to navigate the

traditional hierarchical system. Indeed, this segment must adopt a fundamentally new managerial perspective, far removed from their former skills and experience.

**Preparing for the post-2020 period will require a more flexible, open and streamlined hierarchical system** to test and implement new methods and

practices and integrate fresh managerial profiles.

**The renewal of the hierarchical system will thus be structured by a number of major challenges, including the need to:**

- Operate with autonomous, collaborative teams who fully master their own work, tools and corresponding processes.

- Manage people based on desired outcomes and grant them the leeway to carry out their assignments in consequence.

- Develop differentiated management styles suited to tailored individual career paths, aspirations and agendas.

- Accommodate different work practices, including telecommuting and mobility.

- Reconcile individual work postures with the development of a unified community supporting jointly shared objectives.

- Remotely facilitate diversified communities of expertise, interests, affinities, and belonging, depending on non-hierarchical social networks to develop individual capabilities and visibility, as well as to conduct projects and resolve problems.

**The level of complexity or novelty of a given challenge will be less decisive** than the need to develop completely new practices that remain to be invented, particularly in stagnant organizations which have been organized vertically for decades, and are weighed down by cumbersome rules and "command & control" processes.

**Leadership is also being completely transformed,** and is reinventing itself to manage increasingly open, interactive and differentiated ecosystems in constant flux, which can no longer be managed legitimately by hierarchical authority alone.

**Many companies interviewed for this white paper have made managerial transformation a major dimension of their global transformation program.**

They have redesigned both their leadership model and the path required to execute it, though there is undeniably a great deal of uncertainty concerning the speed and completion of the major transformations required. These transformations are just beginning, and the final destination is difficult to perceive, much less the steps to get there.

**Under these conditions, employee engagement and acceptance will be decisive in convincing them to embark on a journey with such hazy contours.**

At this stage, it is still quite difficult to anticipate the extent of future disruptions that will affect managerial leadership due to factors which will likely start to emerge in the next few years.

**The new leadership must create a vision, set a heading and establish a vision, clarify the purpose and give it meaning** with respect to the environment and desired contributions, by:

- **Sweeping aside internal inertia and internal routine aside to make way for a new vision and serve as a springboard for transformation and growth.**

  The individual and collective initiatives of the new leadership will be focused on customers and must anticipate their behavior, particularly in light of the impact of technological trends.

- **Being careful to integrate individual agility and disparities** to optimize collective intelligence and performance.

- **Encouraging calculated risk taking and recognizing the right to make mistakes** within a clear and shared delegation framework.

- **Inspiring people with unshakeable determination** to face uncertainty, challenges and disparities in encountered situations.

- **Integrating diverse employee profiles,** skills and aspirations in line with the company raison d'être and values.

- **Serving at all times as ambassadors of corporate responsibility and commitment.**

# 3. Impact on the role of HR

These trends are generating a major impact on HR, which must reinvent itself and assume five major roles, requiring a fresh perspective on its responsibilities and capabilities.

## 3.1. Ensure shared meaning, raison d'être, engagement

**In a world where employees increasingly want to express their individuality, the prime role of HR will increasingly involve the reinforcement of the collective dimension.** This will require building a shared vision and direction to rally

the organization around a raison d'être based on benefit to the customer and the company's role and place in the ecosystem, and social stakes in general. The idea is to federate people around the company culture, and by the same token, reinforce the social contract. Companies are thus driven to rethink their managerial benchmarks.

**Efforts to define the raison d'être may be supported by creating or adapting value benchmarks.** This is naturally a delicate subject. A great many firms have

formally articulate "values," but do not always put them tangibly into practice. The expression of the raison d'être can also take very different forms depending on the

culture. The point is not, for example, to replicate American models in France. If value benchmarks are created, they must be concretely integrated into assessment and recognition systems.

**This federating or rallying function will undoubtedly be the most essential of all the roles played by the HR of tomorrow.** In a context where everyday

operational tasks will be increasingly performed by employees or their direct superior using online tools, the collective spirit will remain a central prerogative of the HR department.

## 3.2. Manage different worlds and customize the HR value proposition

**Considering that a "one size fits all" approach is no longer viable, HR must learn to listen to people in a more segmented manner.** The challenge of tomorrow's HR will thus be to meet the needs of many different employee segments in more tailored fashion. This will mean identifying the specific characteristics of the various labor segments that already cohabit in the organization, as well as those of future generations of employees. HR must thus learn to listen to the various generations in a more segmented manner to understand their specific expectations and motivation drivers, particularly those of the arriving Millennials and generation Z. HR departments of multinational corporations, conscious of the similarity of expectations of Millennials across the world, and their differences with other generations, may want to name a global **"Millennials HR manager."**

Tailoring will increasingly be required of HR policies, while taking care not to treat this question as a "program" confusing segmentation with tailoring at the risk of creating generational silos.

HR must also develop hybrid approaches to treat certain segments collectively and others with a more tailored modular offering. Employees, to satisfy their respective aspirations and needs, based on their profile and lifecycle stage, must be allowed to build a personalized "HR proposition" (balance of compensation, vacation time, etc.) from an adapted menu of choices proposed by HR.

Listening closely to the various generations will give HR greater understanding of the motivations of each segment and help it to define the dimensions of a differentiated value proposition on which to base a more modular approach:

- **Compensation:** option of moving the cursor between variable and fixed wages, between compensation in cash or stock, between cash or company car, etc.

- **Vacation time:** option of acquiring more vacation time in exchange for lower cash compensation.

- **Working hours and duration:** option of arranging working hours to dedicate more time to personal projects or family, over a specific period or permanently, for example, by establishing a flat day-rate arrangement based on the number of days worked in the year, etc.

**Data analysis will increasingly become an important tool for HR to tailor these proposals.** HR will be able to use "Big Data" to understand employees better

and measure and assess the impact of HR initiatives on employee satisfaction, performance and retention.

- Concretely, data can be analyzed to understand the value of each dimension of the value proposition for different employee profiles, and use this information to build the individual elements of the menu of options.
- HR can also analyze data to define packages to propose to employees proactively.
- The performance of modular proposals and their impact on employees can also be studied in retrospect by analyzing historical data.

## 3.3. Foster personal development and employability

**To facilitate employee personal development, HR must invent new paths very different from traditional career paths.**

**The cornerstone of the traditional career path used to be employment, but tomorrow it will be capability,** as this is the best guarantee of future employability.



Which raises several challenges for Human Resources:

1. **Gain a real-time understanding of individual capabilities** - technical, managerial, behavioral, etc.-regardless of whether these capabilities were acquired inside or outside the company, before arriving in the organization or while participating in hobbies for example. Establishing a Big Data bank of capabilities is a massive project for HR. Many multinational firms have inconsistent and out-of-date capability benchmarks that are not interconnected. Appointing a specific person to be responsible for building this Big Data base, and who can also work collaboratively and flexibly with the various stakeholders to remain in close touch with community needs, is the key to the success. Another huge challenge is the need to integrate Big Data bases with project staffing tools.

2. **Establish internal and external capability pools.** Establishing capability pools across different divisions and countries within the same company is a huge job. From experience, the key is to establish these pools step by step, focusing first on scarce expertise, which will be increasingly in demand in the coming years (developers, security and cloud experts, etc.). The other big job is to feed these pools with external expertise, by including freelancers, partners, service providers, consultants, etc. whose capabilities and availability must also be kept up to date. To some extent, HR must be able to invent a sort of closed-circuit LinkedIn.2.0 to provide a reliable database of more normalized capabilities, based on concrete verification criteria, rather than simply reported.

3. **Encourage new forms of mobility.** Lateral mobility across divisions, communities and countries is of course nothing new, but is often less developed in France than elsewhere. Greater mobility is nonetheless essential to the smooth flow of capabilities and best practices, as well as to all-important employability development. In other words, mobility is the best guarantee of never being unemployed. The challenge for HR is hence to explore new forms of mobility with company partners and start-ups, while offering people the chance to come back to the company afterwards. This new mobility will have to be made attractive by establishing real salary differences, integrating mobile staff into long-term plans, communicating on the success of highly mobile employees, etc.

4. **Completely overhaul training by developing mechanisms to reinforce capabilities as they are needed.** It seems critical to establish mechanisms such as individualized mentoring or coaching for managers and experts. Feedback from senior or junior peers is extremely valuable and cannot be replaced by traditional training. Setting up effective peer programs takes serious investment to conduct pilot tests, make needed adjustments and foster buy-in by demonstrating the utility of these programs over time. "Reverse mentoring" in particular, is already commonly practiced in some companies, particularly

   in the English-speaking world, involves feedback given by younger people or employees to more senior members of the organization to help the latter put themselves in the shoes of their younger counterparts. But this practice is already a major cultural challenge for which few French companies seem prepared today.

   **Simultaneously, a major overhaul of training practices will be essential.**

   It is imperative to develop a full menu of on-demand online training options, available to all employees. This type of online training could be partly developed in-house, jointly built with communities, or acquired off the shelf from third-party providers.

5. **Conduct historical and predictive data analysis throughout the careers of employees, while preserving the bond of trust with the employer.** To maximize efficiency, such a large-scale project must be developed one process at a time; recruiting, retention, crisis prevention, assessment management, staffing, etc. Clear rules for the use of employee data must be established, with HR as the custodians.

## 3.4. Reinforce the agility and openness of organizations and work practices

**One of the core missions of HR in the coming years will likely involve establishing more flexible organizations and forms of employment.** However,

HR departments are currently undertrained, underequipped and insufficiently experienced to drive the development of such organizations. In some cases, HR may be culturally removed or even hostile to such solutions. Human resources must inevitably work with professional communities to develop new organizational transformation and design capabilities to design and implement leaner and more agile organizations.

**HR will also undoubtedly have to tackle the huge job of reconfiguring and simplifying various professional communities.**

**Finally, HR could be simultaneously obliged to define and establish more flexible work conditions, mixing temporary and permanent employment contracts in France,** such as fixed day-rate agreements and freelancers, but also

hybrid contract with employees who increasingly hold several jobs. HR will certainly need to manage the complexity of employees with different statuses or different collective labor agreements, etc. In particular, HR must be able to provide solutions to more complex working hours as it juggles customer needs (e.g. assistance

and points of sale open on Saturday, and increasingly, on Sunday) and employee flexibility requirements.

**To reinforce organizational agility, HR can test new assignment-based management models,** as well as new types of organization, such as the

"liberated organization." The move toward project- based management (rather than management by job title or hierarchical position) is a major challenge. In addition to simplifying job and professional classifications, this new management model must define the role of the manager relative to the project leader. Projects must be defined from the outset, for variable lengths of time, and lead to relevant assessments. Moving even part of the organization to such an operating model is a sizeable challenge for HR. The final step could involve establishing a "liberated organization" with no hierarchical layers in a given domain to foster innovation, cross-company sharing, collaboration, fluidity and adaptability.

**Accelerating the development of an agile work model is an essential prerequisite to remain competitive, specifically with regard to "digital natives"**

and GAFA. In this regard, France lags far behind the operating practices observed in the U.S. For example, the move towards greater agility requires breaking down silos between marketing (and more generally communities) and technical/IT functions. Three key success factors must be combined to do this successfully:

1. Mix teams whose members differ in terms of origin, experience, and expertise.

2. Empower and develop project leaders (vs. the hierarchical superior), and develop relevant new incentive models.

3. Establish cross-company staffing tools and roles integrating external contributors and linked to capabilities.

This move represents a major challenge for HR, and will require recruiting resources capable of conducting this type of large-scale change alongside the concerned professional communities.

# 3.5. Develop the managerial leadership model

**The goal is not only to define a behavioral leadership model which adequately reflects the company strategy.** Indeed, businesses have been building and

communicating this type of approach for quite a few years, and HR has thus already acquired a certain mastery of the technical aspects.

This time around, however, the issues at hand are posed in other terms. What has changed is the transformative and systemic scope and importance of these new leadership models.

**The new leadership models are transformative, because they serve as a benchmark for the managerial posture** required to rethink business models, get

people engaged in transformation and provide them with day-to-day support in dealing with the profound changes to their profession, know-how and capabilities.

**They are systemic, because their vocation is to provide overall direction in line with managerial initiatives.**

**HR will be responsible for defining and building the backbone of this transformative and systemic leadership model** and thus identifying new leaders of the organization who can:

- Contribute effectively to defining the company's raison d'être.

- Monitor the consistency of their positioning relative to other company objectives, and defend their reputation with identified partners, communities and social networks.

- Cast aside dominant traditional standards and customs to rethink the strategy and develop innovations.

- Integrate multigenerational challenges.

- Determinedly get people engaged, stimulate the most committed employees and assist the most fragile or resistant members of the organization.

**This requires crossing an unprecedented threshold. Defining the right method to do this-in which HR will play a key role-counts as much as the target itself.**

Giving managers a chance to try new ways of doing things should help them cross this threshold. Several conditions must coexist for this to happen:

- **Allow managers to assess the personal transformation they must undertake and realize.** Without this individual realization, there is a very real risk that routine will take priority over the best of intentions and trivialize the desired objectives. In deconstructing dominant models, it is important to try to anticipate the "We're already doing that" argument to help people imagine other ways

  of doing things. These efforts should help managers recognize and assimilate general transformation objectives and lay the groundwork for the attainment of the desired target, as well as the path to get there.

- **Complete individual learning with a collective test & learn dynamic driven by the most motivated employees** in the best position to propel and embody the desired new postures. This fresh impetus must be supported by a shared mindset in which people assist one another benevolently to accomplish the established objectives. Within this framework, each individual plays a part in moving the group forward. This practical mindset must support all transformation initiatives. The best way to turn learning into a key transformation driver and make initiatives as inclusive and relevant as possible is to promote "test & learn" systems to develop collective intelligence, as defined by the philosopher Jürgen Habermas.

- **It is then up to top management to play an active role in setting the stage for learning** on the individual and collective level, akin what teams are doing at the lower echelons. Top management must also engage in a continuous and iterative transformation process to challenge existing systems periodically and transform them when necessary.

# 4. Impact on the posture of HR

**Increasingly HR will become a transformational function explicitly responsible for establishing a tailored labor model which must continue to maintain collective links.**

**To successfully reconcile individual and collective interests, the HR function of tomorrow** must adopt different postures:

1. **Watchdog**

   a. Develop advanced workforce planning strategies and capabilities consistent with the needs of professional communities to support the make or buy strategy likely to add the most value over the long term.

   b. Advise professional communities on how to take account of HR issues in their priorities and strategies.

   c. Reinforce generational intelligence, listen to weak signals of HR innovations, and ensure that the HR function remains open to outside influences and particularly start-up ecosystems.

   d. Use Big Data to identify and anticipate trends. Armed with "analytics," HR can offer solutions that allow employees to enhance and develop their capabilities to the fullest while respecting individual choices and the need to keep personal data confidential.

2. **Developer**

   a. Sustainably reinforce the employability and personal development of employees. Anticipate individual needs and orchestrate the development of individual capabilities.

   b. Establish and update advanced databases of internal and capabilities, directly accessible to all employees.

   c. Adapt individual and collective recognition mechanisms to specific market characteristics, the scarcity of capabilities, responsibilities entrusted to the employees, risks taken, etc. in order to retain the best talent.

   d. Redefine employee assessment models with a fresh vision of needs and profiles. Encourage managers to exercise their assessment responsibility in a spirit of transparency, for the benefit of everyone concerned.

3. **Composer**

   a. Integrate different types of expertise. HR will consequently reinforce its "project leader" capabilities, becoming a critical point of contact for employees, while providing responses in cases where different types of expertise must be aggregated.

   b. Rely on employee initiative, by providing people with the digital tools required to carry out a certain number of administrative tasks themselves. Also rely on business line managers by providing them with same tools to let them take more responsibility for some individual HR dimensions.

c.  Detect talent inside and outside the organization and develop a favorable culture and values to attract and retain talented people.

  d.  Establish new mobility and staffing mechanisms to develop the potential talent pool for each project, building on each new assignment.

  e.  Integrate different expectations, and tailor HR practices to these needs.

4.  **Transformer**

  a.  Promote the company values and vision with professional communities and enable the concrete application of these values by contributing in a proactive and enlightened manner to decisions concerning employees (recruiting, allocation, development, recognition, etc.).

  b.  Design more agile and efficient organizations and work methods that break down silos and add value, ruthlessly eliminating tasks and activities that have lost their reason for existing. Help professional communities establish these new agile models rapidly, by establishing positive collaboration and communication with employee representative bodies.

  c.  Define and establish new leadership models by recruiting new profiles from outside the organization to diversify teams and recognizing risk taking and the sense of initiative.

  d.  Help local HR to conduct this transformation successfully by simplifying "supporting" HR and simultaneously reinforcing local HR working closely in the field with professional communities from day to day.

5.  **Mediator**

  a.  Develop the initiatives required to improve the quality of life at work; invest in comfort and collective spaces.

  b.  Ensure that digital systems are "humane," that is, which allow people to disconnect in a world where the line between personal and professional life is increasingly blurred. Instill a culture of digital responsibility.

  c.  Imagine new labor and work models offering more personal flexibility and responsibility.

6.  **Operator**

  a.  Resolutely digitalize HR activities (administrative management, reporting, etc.) and aim to eliminate paperwork to focus management resources on other activities that generate more value.

  b.  Use digital to develop unique individualized employee experiences and develop mobile applications to provide responses in real time whenever possible (on vacation, compensation training, etc.).

  c.  Use digital to maximize the efficiency of key HR processes, such as recruiting, onboarding, training, attrition, etc.

  d.  Become an ambassador of a "humane" digital culture.

In this general context, the HR postures must consequently evolve in three ways:

1. **Transparency and performance-based commitments:** Since HR bears as much responsibility for the successes and failures of the company as the professional communities, it must accept and keep service level commitments and regularly measure its economic performance with relevant KPIs.

2. **Greater and more visible integration into business line teams:** HR, too often relegated to a back office role and hiding behind administrative tasks, must necessarily be integrated more closely into operational teams (including for the purposes of cross-company governance and the sharing of facilities).

3. **The principle of end-to-end responsibility will apply to HR,** through tailored management systems and invisible contribution tracking systems.

# 5. Impact on the HR community

**To cope with the transformation of HR missions and postures, the HR community will have to change.**

**New communities will emerge,** specifically around labor innovation, generational intelligence, Big Data exploitation, and organizational and managerial transformation.

**"Traditional" employee lifecycle management activities will be significantly transformed** to provide more tailored responses to individual needs and aspirations.

**HR will continue the digitalization process** to provide seamless service to employees while enabling HR divisions and local HR to focus on the essential

## 5.1. Emergence of new activities

# 5.1.1. Organizational shift to a more agile and open model

At all levels, HR will impel organizational innovation **around a vision of industry issues and anticipated professional trends. HR will break the agile model down for the entire organization, encouraging more integrated and collaborative work practices across technical functions and business lines.**

**In particular, HR will be able to establish more open operating practices** to collaborate with the ecosystem and keep up with the pace of start-ups, and adapt the HR organization to support initiatives launched by the company (venture capital, partner network, incubators, start-ups, etc.).

**In its transformational role, HR will develop transformation capabilities** to develop new organizations and work models.

**At the managerial level, HR will help execute the leadership model transformations** needed to manage the various employee representative bodies.

## 5.1.2. Development of a "Big Data Analytics/Exploitation" activity

HR and data scientists will use analytics and Big Data to adapt the value proposition to individual needs and expectations. They will also be able to understand (and demonstrate) the impact of their initiatives and quantify their added value.

With the emergence of analytics, HR will retake possession of relevant data which today is often scattered throughout the organization and managed with a number of different tools. A common collection and processing model supported by standardized tools must be installed to consolidate data and maximize the relevance of the conducted analyses.

This new community will require very specific capabilities and very close collaboration among HR profiles, application developers and the data scientists supporting the exploitation of this data.

## 5.1.3. Development of an HR innovation activity

The HR innovation unit will test new practices across the HR portfolio: collaborative work environments, new organizational models, new reward and recognition systems, training programs, etc.

Using a "test & learn" approach supported by analytics, HR innovation will be responsible for understanding why these tests succeed or fail, developing relevant measures and deploying them as effectively as possible across the organization.

The innovation manager will identify innovations developed by other organizations outside the company, and liaise with generational intelligence teams and local HR teams in the field, which are often the source of ad-hoc innovations.

### 5.1.4. Development of a generational intelligence activity

Generational intelligence will be responsible for identifying the distinctive dimensions of the value proposition for segments currently working in the company as well as the generations to come.

This intelligence will be based on feedback from local HR and the analysis of internal data. In particular, links with schools and academia will be required to develop a forward-looking vision of future generations



# 5.2. Transformation of existing activities

### 5.2.1. New staffing activities

As project-based organizational models are implemented, team building will take priority over the construction of traditional hierarchical structures. HR will use staffing to align capability supply and demand, using flexible contracts to constitute mixed teams of people from inside and outside the organization.

Staffing activities will require constant monitoring of employee capabilities, not only those acquired inside the organization, but also those developed elsewhere, in professional contexts or otherwise.

Staffing managers will also have the responsibility to train people in optimal operating practices, using their detailed understanding of employee motivation drivers and the managerial profiles of project leaders.

### 5.2.2. New sourcing activities

Sourcing will require continuous management of capability pools to meet staffing needs. Sourcing managers will identify potential reservoirs of capabilities outside the company, or help to create them with partners when existing supply is insufficient, and facilitate them over time.

Sourcing communities will define new, more flexible contractual procedures to ensure that talent flows smoothly in and out of these pools.

### 5.2.3. New capability development activities

Employee development, historically supported by hierarchical mobility and training programs on an academic model, is now undergoing a major facelift.

Since the line between personal and professional life is becoming blurred, career paths can no longer be designed exclusively in line with professional development objectives and the capabilities required by concerned professional communities, but must also take account of the individual wellbeing of employees.

Career support will thus need to be redefined. Professional advancement will no longer be composed of a succession of job postings, but of projects. HR must thus acquire a greater understanding of employees, and their profound aspirations and motivations, to guide them effectively by proposing new assignments inside or outside the organization.

Given the greater inclination of employees for on-demand training within the scope of their work and through informal interactions with their colleagues, formal training according to the traditional academic model is becoming obsolete.

> The role of HR will be to identify experts and point people within the company to facilitate discussions and interactions (through internal social networks in particular) and instill recognition mechanisms for all those who contribute.

## 5.3. Service optimization and digitalization

With highly-tailored employee management, HR back office services will adopt a more customer-oriented posture.

**Administrative services (vacation, payroll, etc. will be automated, using self-service mobile applications.** All employee information will be centralized and

easily accessible.

HR support teams will address the most complex needs and will thus be empowered to manage these requests from end to end, ensuring that employees have only one point of contact throughout the process.

Digital will also affect front-end HR professions, such as the identification of capabilities through professional social networks, the virtualization of certain recruiting steps, etc.

## 5.4. The new role of local HR

Local HR will undeniably play a central role in the unprecedented transformations that will certainly affect its responsibilities and professional identify in a profound way.

**Local HR will continue to play a front-line interfacing role with managers and employees,** including implementing HR policies, listening to people, and providing answers in the field. **This role will probably be reinforced** by the

challenges of evolving work models and patterns, differentiated multigenerational management, etc.

**However, given the significant ongoing transformation of the overall context, which will be reflected concretely in the field, local HR could be facing a major shift in its scope of responsibilities and be expected to:**

• Support management transformation,

- Provide project management (PMO) to help managers conduct required transformations,

- Serve as coach or trusted adviser to managers,

- Initiate major modifications in the way work is organized and capabilities are adapted, etc.

**From these broad and disparate observations, it is possible to deduce the need to rebalance the role of local HR toward a more strategic posture** which
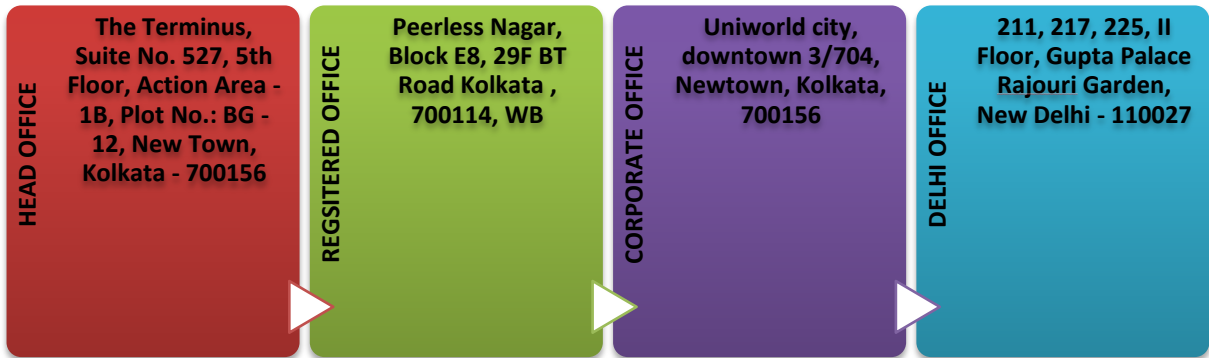
can be qualified around several central themes:

- **Refocus on the collective dimension of HR** by ensuring the concrete application and promotion of the company's raison d'être and work model, reinforcing social links, facilitating social networks, etc. HR will no longer be alone in mastering digital tools and will lose all legitimacy with managers and employees on the individual HR dimension.

- **Play a more active role in developing and implementing the local management agenda** by deciphering megatrends for local management and translating them operationally in terms of their impact on the organization of work and people development.

- **From this perspective, provide a forward-looking vision of the social and human issues that will affect local transformations,** while ensuring their consistency with the overall company strategy.

- **Build options, scenarios and systems covering all of the social and human aspects** of required transformations, share them with local managers and ensure they can concretely be implemented.

- **Develop the expertise and experience** to steer discussions and negotiations **with employee representative bodies.**

- **Finally, serve as the "voice" of technological transformation** both in the HR community as well as the surrounding environment (managers, employees, etc.).

To help local HR turn a corner which could turn out to be radical 180° shift relative to its original responsibilities, a certain number of precautions must be taken:

- **Ensure the unfailing commitment of local management** to share the objectives and vision for the new role and responsibilities expected of HR, and set the stage for their implementation.

- **Re-center global and corporate HR structures, communities and resources around local HR** to provide all of the support required for the latter to exercise its new scope of responsibilities fully.

- **Conduct a major program to professionalize local HR capabilities sustainably,** combining individual and collective development programs, mentoring and coaching.

**These points appear essential to reinforce the value created by HR. Otherwise, the HR function effectively runs the risk of losing its legitimacy for professional managers who possess the digital tools required to manage individual HR dimensions on their own, and if this happens, HR may disappear altogether as a distinct function.**

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